

Message Text

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71

ACTION NEA-12

INFO OCT-01 ISO-00 IO-14 AF-10 EUR-25 ACDA-19 CIAE-00

INR-10 L-03 NSAE-00 NSC-10 RSC-01 SCI-06 SCEM-02

DODE-00 PM-07 H-03 PA-04 PRS-01 SPC-03 SS-20 USIA-15

AGR-20 AID-20 COME-00 EB-11 FRB-02 TRSE-00 XMB-07

OPIC-12 CIEP-02 LAB-06 SIL-01 OMB-01 STR-08 DRC-01

/257 W

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R 301426Z OCT 73

FM AMEMBASSY TEL AVIV

TO SECSTATE WASHDC 0347

INFO AMEMBASSY BEIRUT

USINT CAIRO

AMEMBASSY JIDDA

AMEMBASSY KUWAIT

C O N F I D E N T I A L TEL AVIV 8781

E O 11652: GDS

TAGS: ENRG, PFOR, IS, XF

SUBJ: EBAN ON ARAB OIL AND US ENERGY

1. IN OCT 27 MEETING THAT CONGRESSMEN RYAN AND STEELE HAD WITH FONMIN EBAN, WHICH I ATTENDED, CONVERSATION FOCUSED PRIMARILY ON IMPLICATIONS OF ARAB DECISION TO UNSHEATH OIL WEAPON. DESCRIBING THEMSELVES AS GOOD FRIENDS OF ISRAEL WITHIN CONGRESS, RYAN AND STEELE ATTEMPTED PORTRAY THE INCREASING REALIZATION BY AMERICAN PUBLIC THAT ITS ENERGY PROBLEMS ARE RELATED TO THE ARAB-ISRAELI CONFLICT AND TO THE POSTURE ASSUMED BY ISRAEL. THEY UNDERScoreD DILEMMA BEGINNING TO CONFRONT REPS WHO ON ONE HAND DESIRE TO MAINTAIN TRADITIONAL SUPPORT FOR ISRAEL BUT WHO ON THE OTHER MUST BE RESPONSIVE TO BASIC NEEDS OF THEIR CONSTITUENTS.

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2. EBAN RESPONDED BY SUGGESTING THAT PERHAPS THE US WAS OVERSTATING ITS VULNERABILITY TO ARAB OIL. HE SAID GOI FIGURES SHOW THAT THE US DERIVES 4 1/2 PERCENT OF ITS OIL FROM ARAB STATES AND ANOTHER 1 1/2 PERCENT FROM IRAN QUOTE WHICH WILL SUPPLY THE US IN ANY CASE. END QUOTE. FURTHERMORE, EBAN SAID, IF LIBYANS AND SAUDIS DID NOT SELL OIL TO US QUOTE THEY WOULD FALL INTO POVERTY AND DESTITUTION IN A FEW WEEKS END QUOTE. HE ADDED THAT HE HAD NOT YET SEEN EVIDENCE THAT SUPPLY PATTERNS WERE IN FACT CHANGING.

3. AT SUGGESTION THAT PERHAPS HE WAS UNDERESTIMATING THE SERIOUSNESS OF THE PROBLEM, EBAN REVERTED TO ARGUMENT THAT THE US WOULD HAVE AN ENERGY PROBLEM EVEN IF ISRAEL DIDN'T EXIST, IF ONLY ON ECONOMIC AND FINANCIAL GROUNDS. THE ARABS CONTROL A SCARCE AND CRITICAL COMMODITY AND WILL EXTRACT THE HIGHEST POSSIBLE PRICE FOR IT FROM THE DEVELOPED CONSUMING COUNTRIES. AT THE SAME TIME, EBAN CONTINUED, THEY REALIZE THAT OIL PRICE INCREASES WILL SPUR THE SEARCH FOR ALTERNATIVE ENERGY SOURCES AND THAT THE US AND EUROPE HAVE THE TECHNOLOGY TO SUCCEED IN THAT SEARCH. THE ARABS ARE THEREFORE AFRAID THAT QUOTE IN A FEW YEARS END QUOTE THEY MIGHT NOT BE ABLE SELL THEIR OIL AND THUS THEY MUST SELL IT NOW.

4. EBAN AT ONE POINT REMINDED THE CONGRESSMEN THAT COM-MODITY BOYCOTTS COULD BE A TWO-WAY STREET. HE POINTED OUT THAT EVEN IF THE US DOES RECEIVE 14 PERCENT OF ITS ENERGY REQUIREMTNS FROM THE MID EAST (CODEL ESTIMATE), THE ARAB WORLD RECEIVES 50 PERCENT OF ITS FOOD FROM THE US. HE SUGGESTED THIS IS A RELATIONSHIP THE US MIGHT WELL BEAR IN MIND, ADDING HE FINDS IT INCONCEIVABLE THAT A GREAT POWER WOULD KNUCKLE UNDER TO ARAB THREATS.

5. COMMENT: EBAN'S PERFORMANCE ON THIS OCCASION WAS ONE OF WEAKEST I HAVE WITNESSED. EVEN ALLOWING FOR FACTS THAT HE WAS EXTREMELY TIRED AND THAT ECONICS IS NOT HIS STRONG SUITE, HE SEEMED SNABLE TO CONFRONT IN MEANINGFUL TERMS THE VERY REAL CONCERN SINCERELY AND SYMPATHETICALLY EXPRESSED BY CONGRESSMEN RYAN AND STEELE, WHO HAD OBVIOUSLY DONE THEIR HOMEWORK. THE NEYIURYACT OF HIS EFFORT ON THEM WAS FRANKLY NEGATIVE. DEPT AWARE EBAN AND I HAD SIMILARLY CONFIDENTIAL

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UNSATISFACTORY EXCHANGE ON SEP 12 (TEL AVIV 7184).

6. I SUSPECT EBAN'S UNEAQ REFLECTS FACT THAT GOI GROPING FOR NEW AND CREDIBLE RESPONSE TO EXPRESSIONS OF CONCERN OVER ENERGY ISSUE, NOW THAT THEIR EFFORT TO DISSOCIATE ISSUE FROM AREA PROBLEMS HAS BEEN SO SEVERELY AND OBVIOUSLY WEAKENED OVER PAST FEW EEKS. HISOUUGGESTIN THAT WE FIGHT OIL WITH FOOD SEEMS TO BE TAKING ON APPEARANCE OF OFFICIAL LINE AS

EVIDENCED BY CODEL HEARING SAME PROPOSAL FOLLOWING DAY FROM
DEPMIN FINANCE DINSTEIN AND BY PROMINENT HEADLINE IN
OCT 30 JERUSALEM POST QUOTE TIMID OIL CONSUMERS FAIL TO USE
THEIR WHEAT TO COUNTER BLACKMSIL END QUOTE.
KEATING

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Message Attributes

Automatic Decaptioning: X
Capture Date: 01 JAN 1994
Channel Indicators: n/a
Current Classification: UNCLASSIFIED
Concepts: PETROLEUM INDUSTRY, PETROLEUM PRODUCTION, PETROLEUM, EMBARGOES
Control Number: n/a
Copy: SINGLE
Draft Date: 30 OCT 1973
Decaption Date: 01 JAN 1960
Decaption Note:
Disposition Action: RELEASED
Disposition Approved on Date:
Disposition Authority: golinofr
Disposition Case Number: n/a
Disposition Comment: 25 YEAR REVIEW
Disposition Date: 28 MAY 2004
Disposition Event:
Disposition History: n/a
Disposition Reason:
Disposition Remarks:
Document Number: 1973TELAV08781
Document Source: CORE
Document Unique ID: 00
Drafter: n/a
Enclosure: n/a
Executive Order: GS KEATING
Errors: N/A
Film Number: n/a
From: TEL AVIV
Handling Restrictions: n/a
Image Path:
ISecure: 1
Legacy Key: link1973/newtext/t1973104/aaaaacjm.tel
Line Count: 120
Locator: TEXT ON-LINE
Office: ACTION NEA
Original Classification: CONFIDENTIAL
Original Handling Restrictions: n/a
Original Previous Classification: n/a
Original Previous Handling Restrictions: n/a
Page Count: 3
Previous Channel Indicators:
Previous Classification: CONFIDENTIAL
Previous Handling Restrictions: n/a
Reference: n/a
Review Action: RELEASED, APPROVED
Review Authority: golinofr
Review Comment: n/a
Review Content Flags:
Review Date: 28 DEC 2001
Review Event:
Review Exemptions: n/a
Review History: RELEASED <28-Dec-2001 by shawdg>; APPROVED <15-Jan-2002 by golinofr>
Review Markings:

Declassified/Released
US Department of State
EO Systematic Review
30 JUN 2005

Review Media Identifier:
Review Referrals: n/a
Review Release Date: n/a
Review Release Event: n/a
Review Transfer Date:
Review Withdrawn Fields: n/a
Secure: OPEN
Status: NATIVE
Subject: EBAN ON ARAB OIL AND US ENERGY
TAGS: ENRG, PFOR, IS, XF, US, (EBAN, ABBA)
To: STATE
Type: TE
Markings: Declassified/Released US Department of State EO Systematic Review 30 JUN 2005